

Message Text

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LIMITED OFFICIAL USE KUALA LUMPUR 5513

E.O. 11652: N/A

TAGS: ELAB, MY

SUBJECT: GOM MEETS WITH UNIONS ON IBRAHIM ALI REPORT

1. SUMMARY. PRIME MINISTER HUSSEIN ONN MET WITH UNION OFFICIALS SEPT 23 TO DISCUSS THE DISPUTE OVER THE IMPLEMENTATION OF THE IBRAHIM ALI REPORT ON PUBLIC SERVICE WAGES. THE GOM ANNOUNCED THAT IT WILL REVISE CIVIL SERVICE WAGE SCALES AND THE NEW RATES WILL BE BACKDATED TO JAN 1, 1976. HOWEVER, THE REVISED WAGE PACKAGE WILL NOT NECESSARILY BE BASED ON THE IBRAHIM ALI REPORT, BUT WILL BE WITHIN THE GOM'S BUDGETARY MEANS. THE UNION REACTION TO THE GOM'S PROPOSALS WAS GUARDED. END SUMMARY.

2. IN A TWO HOUR MEETING SEPT 23, PRIME MINISTER HUSSEIN ONN, ACCOMPANIED BY SEVERAL CABINET COLLEAGUES, AND PUBLIC SERVICE UNION LEADERS, LED BY CUEPACS PRESIDENT T. NARENDRA, DISCUSSED THE DISPUTE OVER THE IMPLEMENTATION OF THE IBRAHIM ALI COMMISSION REPORT ON REVISING PUBLIC SERVICE WAGE SCALES. AFTER THE MEETING DEPUTY PRIME MINISTER DR. MAHATHIR MOHAMED ANNOUNCED THAT THE GOM HAS DECIDED TO IMPLEMENT A PAY REVISION FOR PUBLIC SECTOR EMPLOYEES RETROACTIVE TO JAN 1, 1976. HE ALSO SAID THAT A CABINET COMMITTEE WHICH HAS BEEN REVIEWING THE IBRAHIM ALI REPORT WILL MAKE ITS OWN RECOMMENDATIONS BY JANUARY 1977.

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THESE RECOMMENDATIONS WILL BE SUBMITTED TO THE UNIONS AND,

IF ACCEPTED BY THEM, WOULD BE IMPLEMENTED EARLY IN 1977. HOWEVER, MAHATHIR ALSO NOTED THAT WHAT THE COMMITTEE DECIDES "WOULD BE WITHIN THE GOVERNMENT'S MEANS TO PAY," AND HE SAID THAT THE COMMITTEE RECOMMENDATIONS WOULD NOT NECESSARILY BE BASED ON THE IBRAHIM ALI REPORT. IN RESPONSE TO A REPORTER'S QUESTION, MAHATHIR SAID THAT HE FELT RELATIONS BETWEEN THE GOVERNMENT AND UNIONS HAD IMPROVED FOLLOWING THE MEETING. MAHATHIR ALSO SAID THERE WOULD BE FURTHER MEETINGS BETWEEN THE GOM AND THE UNIONS TO DISCUSS DISPUTED FACTS AND FIGURES REGARDING THE IMPLEMENTATION OF THE IBRAHIM ALI REPORT AND THAT THE PM WOULD MEET WITH THE UNIONS AGAIN AFTER THE FIGURES HAD BEEN VERIFIED.

3. NARENDRAN EXPRESSED SATISFACTION WITH THE MEETING, SAYING, "SOME EXTREMELY FRANK VIEWS WERE EXPRESSED AND I AM HOPEFUL THAT WITH THIS KIND OF DISCUSSION WE SHOULD BE ABLE TO FIND A SOLUTION TO THE PROBLEM AND AVOID INDUSTRIAL ACTION." HE SAID THAT THE UNION LEADERS WOULD CALL MEETINGS SEPT 29 AND 30 TO BRIEF MEMBERS ON THE SEPT 23 MEETING. WHEN ASKED HOW THE MEETING WOULD AFFECT THE OCT 19 STRIKE THREAT BY THE UNIONS, NARENDRAN SAID, "I CANNOT REALLY SAY ANYTHING AT THIS STAGE BECAUSE MORE MEETINGS LIKE TODAY'S ARE TO BE HELD TO THRASH OUT OUR DIFFERENCES WITH THE GOVERNMENT. IN FACT I THINK THERE WILL BE AT LEAST TWO MORE MEETINGS WITH DATUK HUSSEIN BEFORE OCT 19. SO IT'S A QUESTION OF HOW FAR WE PROGRESS BETWEEN NOW AND THEN." HE STRESSED, HOWEVER, THAT THE DECISION TO STRIKE IS FOR THE EXECUTIVE COUNCIL OF EACH UNION TO DECIDE.

4. COMMENT. A SENIOR OFFICIAL IN THE LABOR MINISTRY HAS CONFIRMED TO US THAT THE PRIME MINISTER'S MEETING WITH UNION OFFICIALS HAS RELIEVED TENSIONS AND THAT IT IS NOW POSSIBLE THAT A SOLUTION CAN BE REACHED WITHOUT THE GOM RESORTING TO A STRIKE BAN. (ACCORDING TO THE OFFICIAL, A BAN WOULD INVOLVE THE INVOCATION OF THE 1969 EMERGENCY REGULATIONS AND WOULD BE BITTERLY DIVISIVE). HOWEVER, WE WILL HAVE TO WAIT UNTIL THE UNIONS MEET NEXT WEEK BEFORE KNOWING FOR SURE WHAT THEIR REACTION WILL BE.

UNDERHILL

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